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7 MAR 1980

MEMORANDUM FOR: Chief, Management Staff, DDA
 FROM: [REDACTED]
 Acting Director of Logistics
 SUBJECT: Office Overview for the Fiscal Year 1982
 Program-Budget Call [REDACTED]

1. In response to your tasking, this memorandum provides an Office Overview for Fiscal Year 1982, with particular emphasis on the overall direction of our plans. I would like to put these plans in the context of the key issues and challenges which we believe will be facing the Office of Logistics during the coming decade. Those challenges, in decreasing order of financial impact, include the following: energy, capital investment, and information management.

a. Energy

By its very nature, Logistics is a major user of energy resources. Gasoline, diesel, [REDACTED] are critical to the operation of our shuttle and courier systems and, most important of all, are the major resources expended in the worldwide transportation of materiel. In addition, the films used by our Printing and Photography Division, the many chemicals used by that Division, even much of the packing material used at our [REDACTED] all contain petrochemicals. Our need to decrease our dependency on petroleum products, while at the same time meeting our photographic and domestic and foreign transportation needs, is the most critical challenge of the coming decade. The impact of ever-escalating fuel costs has already caused major shortfalls in the Fiscal Year 1980 Program and was a major consideration in the development of the Fiscal Year 1982 Program Call. You will note in the Decision Unit on Logistical Services that anything less than the Current Package results in major disruptions in printing, photographic, and shuttle services and in the worldwide shipment of materiel. The Fiscal Year 1982 Current Package does provide sufficient funds for necessary fuels based on current estimates. However, if the last year's rate of inflation of over 100 percent increase in the cost of gasoline and [REDACTED], even those estimates will be inadequate.

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b. Capital Investments

We pride ourselves on being more productive and more responsive than any other logistics organization in the U. S. Government. We cannot continue, however, to "do more with less," and do it faster, without major capital investments, particularly in the areas of printing and photography, materiel handling, and packing and crating. We have come to accept the fact that we will not, in the foreseeable future, be able to increase the number of our employees nor will we be able to stop the ever-increasing workload being placed on us by other Directorates. Our only response can be to improve productivity and responsiveness through continued investment in major plant improvements. In the printing and photography area, we have been doing this for the last four or five years with extreme success, and our objective there is to only continue with these capital improvements. In the packing and crating and materiel handling areas, very little has been done to date, but considerable expenditures must be made if we are to remove the bottlenecks these functions pose to our logistics operations. You will note in the Fiscal Year 1982 Package that monies are provided at the Enhanced I level for such capital improvements. If these monies are not approved, we will simply continue to fall further behind.

c. Information Management

If we are to "work smarter, not harder," we must have the necessary information with which to make managerial decisions. For example, if we are to provide materiel worldwide on a more responsive basis, then we must be able to make tradeoff decisions between placing an item of materiel in stock versus procuring it when needed from commercial sources. This decision requires a knowledge of the costs involved for procurement versus stock and a knowledge of the time required to effect each method of acquisition and subsequent shipment. At present, our Inventory Control System (ICS) cannot provide us with this kind of information and, in fact, cannot even provide us with repetitive demand. This is only a very simple example of the kind of management information which is required to make logistical decisions but which cannot be

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made at the present time because of limitations in our existing data processing system. For that reason, in the Fiscal Year 1982 Program, we have included some monies for the design and development of a Logistics Materiel Management System (LMMS), which will provide the necessary management information for our Divisions to make sound policy decisions to increase productivity or reduce response time. Even more funds are provided for this effort in the Out-Years. We hope that this new system will also provide automatic requisitioning from abroad (via CRAFT), automated procurement, centralized property accountability, and cargo movement tracking. Looking further ahead into the decade, we will also need to develop more efficient ways of handling information within and between our Divisions, particularly with a view toward the reduction of the amount of clerical and secretarial services necessary to accomplish these tasks.

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2. In addition to the challenges described above, there is one other area of the utmost importance to us, but which does not have an immediate financial impact. This is improvement in the training and utilization of our personnel. As we have lost a number of developmental slots, particularly overseas, during the last decade, it has become apparent that we have to do a far better job of training our personnel prior to overseas assignment for the few jobs which remain. It is also clear that if we are to meet the socio-economic objectives of this Agency, we must also do a better job in the recruitment and advancement of minorities and women. While we have what I am sure is one of the largest percentages of female/minority employees within the Directorate, the fact remains that they are not in positions of significant managerial authority or influence within the Office. We can correct this situation, but only through major recruitment efforts now towards well-educated and qualified personnel who are extremely competitive and who desire to make a career with this Office. We have, I think, made some significant efforts in this direction during the current year, and, indeed, approximately half of our new EOD employees at the professional level have met this criteria.

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3. If I can provide any further information, please call on me.

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